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WHITE TIGER
DIV. OF OIL, GAS & MINING
United States Department of the Interior
BUREAU OF LAND MANAGEMENT
FILLMORE FIELD OFFICE
35 East 500 North
Fillmore, Utah 84631



In Reply Refer to:
3809
(UT-010)
UTU 086063

February 27, 2008

CERTIFIED MAIL 7007 0710 0002 5252 4981
RETURN RECEIPT REQUESTED

Penney's Gemstones LLC
PO Box 312
Beaver UT 84713

Dear Mr. Penney:

Your Plan of Operations (Plan) to conduct "white tiger" jasper mining operations in T 25 S, R 15 W, Millard County, Utah was received January 17, 2007. The Plan has been assigned Bureau of Land Management (BLM) case file number UTU 860613. Please refer to this number in any future correspondence concerning this operation.

As required under the surface management regulations at 43 CFR 3809.411 (a), BLM has reviewed the Plan to determine if it meets the content requirements at 43 CFR 3809.401 (b). Based on our review, the following information is required in order for the Plan to be complete.

1. Page 1, 1.1 Operations Summary: BLM does not base their reclamation bond on the disturbed acreage. The bond will be determined from the various details included in a complete Plan of Operations. The BLM requires a description of operations that should include the logical progression of operations to be completed under your Plan. Generally, the logical first step of a mining operation is to remove, stockpile and stabilize the topsoil or growth medium. The next step would be to strip and stockpile the overburden. These and all subsequent steps should each be described to the point of reclaiming the site. A complete description of operations generally includes maps and designs of the mine site, stockpiles, processing facilities, access roads, support facilities, structures and buildings. Maps must be tied to the public land survey system so activities can be located on the ground. The description of operations is necessary for the BLM to understand the basics of where the facility is going to be constructed, how big it will be, how operations are conducted, the types of waste generated, and the limiting engineering factors that may affect its

performance. Information is also needed on the equipment size, type, traffic levels, and periods of operation.

2. Page 1, 1.2 Schedule of Operations: A schedule of operations includes the schedule from start-up to closure. The hours of operation should be included (i.e., will operations be 24 hours versus daylight hours). If operations will be seasonal as opposed to year round, the dates of operations are needed to understand the nature of any impacts.
3. Page 1, 1.3 Site Development: The material described as topsoil in this section is considered to be mine waste. Use of this material for growth medium upon reclamation would generally not be acceptable. Topsoil would be material stripped from the site prior to excavation and include existing plant material.
4. Page 1, 1.4 Access and Haul Roads: Existing roads in the area are at best "Class D" county roads and are not regularly maintained. Existing roads that have been improved would require reclamation to their original condition. Road developed as part of the operation must be identified, described (i.e., length, width, construction specifications), and located on the map.
5. Page 1, 1.5 Construction: Facility construction must be specifically described and located on the map. Design plans must also be submitted.
6. Page 1, 1.6.1 Mine Method: See comment 1
7. Page 2, 1.6.2 Topsoil Removal and Stockpiling: See Comment 3.
8. Page 2, 1.6.3 Slope and Bench Preparation: There is not a standard for slope and bench preparation. Please describe the slope and bench preparation to be used for your operation. Include scaled cross sections indicating slopes and benches.
9. Page 2, 1.6.4 Drilling and Blasting: The Plan should include the frequency of blasting and provide for public exclusion from the area in accordance with state and federal mine safety regulations.
10. Page 2, 1.6.5 Loading Hauling and Conveying: Describe the equipment used in this process. Identify on a map or diagram the location of the ore body, stockpile, screen, picking field, and trommel.
11. Page 2, 1.6.6 Stockpiles: Identify on a map or diagram the location and indicate the size of the stockpiles.
12. Page 2, 1.6.7 Mining Equipment and Facilities: Provide a detailed description of the equipment to be used.

13. Page 3, 1.6.8 Ancillary Equipment and Facilities: Are ancillary facilities placed on site on a permanent basis? If not, please include their movement and placement as part of the schedule of operations. Identify the maintenance areas on a map or diagram and describe the type of maintenance to be performed.
14. Page 3, 1.7.1 Plant operations and design: See Comment 1.
15. Page 3, 1.7.2 Process Equipment: The description of the operation of a trommel is adequate. Please describe the other portions of your operation to the same detail. Especially the less standard mining procedures such as the operations that occur in your "picking fields". Factors such as the amount of material that will be processed through the trommel versus the amount in the picking fields is also important to include in describing your operation.
16. Page 3, 1.7.4 Ore/Materials Handling: See Comment 1.
17. Page 3, 1.8 Product Handling, Stockpiling, Storage: See comment 1, Designate the type of stockpile or storage on the map (i.e., waste, ore, etc.).
18. Page 4, 1.9 Transportation Plans: Include the access and transport routes from the mine to the site of further processing or sale. The vehicles that would travel the routes and the frequency of travel are required in the Plan.
19. Page 4, 1.13 Fuel Storage: Describe the fueling process for equipment on site and include spill prevention/cleanup procedures.
20. Page 5, Proposed Reclamation Schedule: Identify the phases of mining and reclamation along with proposed start up dates, mining completion and reclamation completion. Identify the specific areas outlined in the schedule on a map.
21. Page 5, 2.2 Proposed Productive Post Mining Land Use: The likely use will be livestock grazing as is the current use near the mine.
22. Page 5, 2.4 Interim Management Plans: Identify as closely as possible the dates of non-operational periods.
23. Page 6, 3.0 Reclamation Cost Estimate and 4.0 Acknowledgments B: The reclamation cost estimate and financial guarantee must cover the cost to fully reclaim your operations according to 43 CFR 3809.552. The BLM requests that you submit a reclamation cost estimate that covers the equipment type, time, and rate needed to perform reclamation tasks such as mobilization, grading, topsoil placement, seeding, and structure removal for each component of the mining project. The cost estimate must estimate costs assuming BLM were hiring a third party contractor and must include costs for contract administration and overhead costs at 12% of the direct costs, and contractor profit and insurance.

24. You have included most of the required Operator Information on the cover page of your Plan. You must include the BLM serial number of any unpatented mining claims upon which the surface disturbance will occur as part of the Operator Information.

Please provide a response to the above information requests at your earliest convenience. You may provide replacement pages or a narrative response. Upon receipt of the required information, BLM will determine whether or not the Plan of Operations is complete.

Once the Plan is determined complete, the BLM will prepare an environmental assessment (EA) on the Plan. Please note that there is a required 30 day public comment period on the completed Plan EA before the BLM can issue a final decision on your Plan of Operations.

The jasper you propose to mine is identified as potentially being a common variety mineral as defined in 43 CFR 3601.5. According to the surface management regulations when operations are proposed for minerals that may be common variety minerals special provisions apply. §3809.101 (a) states: "Mineral examination report. On mining claims located on or after July 23, 1955, you must not initiate operations for minerals that may be "common variety" minerals . . . until the BLM has prepared a mineral examination report . . ." The mineral examination report is subject to cost recovery under 43 CFR § 3000.11. The processing fee for the mineral examination must be paid in full by you prior to issuance of the final mineral examination document and if warranted approval of your plan of operations.

If you have any questions regarding your plan of operations or the information requested in this letter please call Jerry Mansfield, Geologist Fillmore Field Office at (435) 743-3125.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sherry K. Hirst", written in a cursive style.

Sherry K. Hirst
Field Manager, Fillmore Field Office

cc: Tom Munson, UDOGM
Michael Jackson, RFO